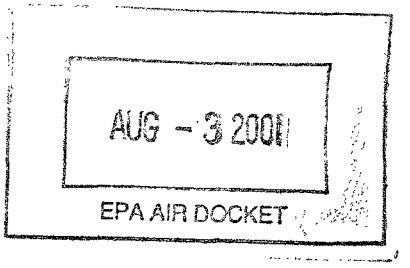
A-2001-20
II-D-0

TRPD - Action as Necessary

KOCH INDUSTRIES INC

CC: Margo O.
Don 2.
Lori S.
Bob L.
Kay S.



July 20, 2001

Margo Oge, Director - 6401A
Office of Transportation and Air Quality
US Environmental Protection Agency Headquarters
Ariel Rios Building
1200 Pennsylvania Avenue NW
Washington DC 20460

Re: Boutique fuels and Tank Turnover

Dear Ms. Oge, Mary

Koch Petroleum Group, L.P. appreciates the opportunity to provide comment on improving the current "boutique fuels" situation, and in particular the transition of winter-to-summer RFG. I think we share the common goal of wanting to maintain and improve air quality, while avoiding price volatility and supply shortages for consumers. However, as we discussed at the NPRA meeting you last Tuesday, solving or easing boutique fuels and transition issues will not in and of itself address all of the factors which lead to gasoline price volatility and supply.

At that meeting three options were discussed for resolving winter to summer transition. Here are our thoughts on those options.

- **Changing the date by which refiners and other suppliers supply summer grades to the terminal to April 15, from the current May 1 date**

  - We are concerned with moving the date earlier in the year, particularly in northern states. April can have very cold temperatures in the Milwaukee Chicago area, and severe performance problems (inability to start engines) could result if a late cold snap were to occur after summer gasoline were at the terminal and getting to retail supply. We support the proposal put forth by Marathon Ashland Petroleum to move the date later in the year – to May 15, and allow a step down beginning May 1. The two compliance dates would not be a problem for KPG. We also note that producing additional summer grade gasoline in place of winter grade gasoline will reduce the volume of gasoline produced rather than increase it, as summer specifications are more restrictive than winter.

- **Applying the enforcement tolerance for RVP testing to the entire tank (as opposed to sections of the tank)**

OMS-0100225
7/20/01

655 15th Street, NW • Suite 445 • Washington, DC 20005-2001 • 202/737-1977 • FAX 202/737-8111

- We support this option

- **Allow the use previously certified gasoline**

  - We support this option as well.

Here are some additional thoughts which may further ease the transition. The best way to solve this problem is to 1) lengthen the transition period (as noted above), and 2) change the specifications somewhat during the transition period to maximize gasoline production The generally lower temperatures and shorter hours of sunlight during the spring transition period will allow the use of these changed specifications without endangering air quality.

- **Remove blendstock accounting anti-dumping restraints.**
  - This may free-up refiners that have the capability of making additional RFG, but are held back by the need to use all of their blendstocks internally in order to satisfy blendstock requirements.

- **Change RFG RVP lower limit to 6.0 RVP (down from the current 6.4 RVP) during the transition period**
  - This would allow refiners to supply lower RVP stocks during the transition to blend off winter grade RFG to meet summer RVP specifications

- **Allow the average of the tank contents, instead of each level of the tank, to meet requirements.**

- **Require a somewhat lower VOC reduction percentage during the switchover (say a 18% reduction instead of the 23.4% reduction) for two or three weeks at the start of the ozone season**

- **Eliminate the per-gallon oxygenate requirement for RFG**
  - This would allow blending of oxygen free RFG in summer, with sufficient oxygen added in winter to meet annual average requirements
  - It would also allow easier winter-summer switchover

We have additional comments on the more general topic of boutique fuels, which we will address in a separate letter. Again, thank you for the opportunity to comment. Please contact Stan Kaplan at 316.828.5557 if you have further questions or require additional information.

Sincerely,

Don Clay
Vice President Regulatory Affairs
Koch Petroleum Group, L.P.

Cc: Chet France
Lester Wyborny
Maureen Delaney
Debbie Wood